

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PORT M 01179 01 OF 02 311744Z  
ACTION TRSE-00

INFO OCT-01 EA-10 NEA-10 ISO-00 SP-02 ICA-11 AID-05  
EB-08 NSC-05 SS-15 STR-07 OMB-01 CEA-01 L-03 H-01  
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 XMB-02  
OPIC-03 LAB-04 SIL-01 PA-01 AGR-01 DOE-15 SOE-02  
INT-05 DOTE-00 /127 W  
-----025494 311823Z /53

R 310730Z JUL 78  
FM AMEMBASSY PORT MORESBY  
TO SECSTATE WASHDC 3528  
INFO AMEMBASSY BANGKOK  
AMEMBASSY CANBERRA  
AMEMBASSY COLOMBO  
AMEMBASSY DACCA  
AMCONSUL HONG KONG  
AMEMBASSY ISLAMABAD  
AMEMBASSY JAKARTA  
AMEMBASSY KABUL  
AMEMBASSY KATHMANDU  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY NEW DELHI  
AMEMBASSY RANGOON  
AMEMBASSY SEOUL  
AMEMBASSY SINGAPORE  
AMEMBASSY SUVA  
AMEMBASSY TAIPEI  
AMEMBASSY TOKYO  
AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 1 OF 2 PORT MORESBY 1179

E.O. 11652: N/A  
TAGS: EGEN, ETRD, BEXP  
SUBJECT: U.S. PROCUREMENT FROM ASIAN DEVELOPMENT  
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BANK (ADB)

REFS: A) MANILA 12667, B) PORT MORESBY 1064

1. SUMMARY: REFTEL A STATES THAT EMBASSIES WILL HAVE TO  
FOLLOW UP ADB PROJECTS "IN ABSENCE OF ADEQUATE REPRESENTATION  
BY U.S. SUPPLIER AND CONTRACTOR REP". CABLE DISCUSSES PORT

MORESBY'S FOLLOW-UP PROCEDURE WHICH EMPHASIZES OBTAINING LOCAL PRESENCE OF COMPANY REPRESENTATIVE AND/OR LOCAL AGENT. THOUGH IT IS TOO SOON TO KNOW FINAL RESULTS, AT LEAST AMERICAN COMPANIES ARE NOW WELL PLACED TO BID ON SEVERAL MAJOR PROJECTS.

2. IN REFTEL A MANILA STATES THAT "MISSIONS WILL PROBABLY HAVE TO BEAR THE BRUNT OF FOLLOW-UP IN THE ABSENCE OF ADEQUATE REPRESENTATION BY U.S. SUPPLIER AND CONTRACTOR REP." SINCE MOST PREVIOUS EMBASSY COMMENTS, INCLUDING OUR OWN, HAVE NOT DISCUSSED EMBASSY FOLLOW-UP, POST BELIEVES IT WORTHWHILE TO ELABORATE ON ITS PROCEDURES FOR ASSISTING U.S. FIRMS IN BIDDING ON MAJOR PROJECTS.

3. PORT MORESBY'S PROCEDURES ARE AS FOLLOWS. UPON RECEIPT OF EARLY INFORMATION ON A MAJOR PROJECT, WE REPORT IT TO USDOC FOR MEPD AS A MAJOR PROJECT EARLY WARNING. IN INITIAL TELEGRAM WE GIVE ALL THE AVAILABLE INFORMATION AND ADVISE THAT TO BE SUCCESSFUL CONTRACTORS USUALLY HAVE TO PAY A PERSONAL VISIT TO THE COUNTRY AND/OR ENGAGE A LOCAL AGENT. ONCE A COMPANY INFORMS THE EMBASSY OF ITS INTEREST, WE GENERALLY PASS ITS NAME ON ONE OR MORE OF THE LOCAL AGENTS WITH WHOM WE HAVE DEVELOPED WORKING RELATIONS OVER THE PAST YEAR. IN ADDITION, WE WRITE THE COMPANY AND AGAIN ADVISE IT OF THE NEED FOR A VISIT AND/OR LOCAL AGENT. IN SOME CASES, WHERE THE GOVERNMENT OF LIMITED OFFICIAL USE

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PAPUA NEW GUINEA HAS NOT DEVELOPED AN EARLY PRE-REGISTRATION PROCEDURE, WE HAVE OFFERED TO KEEP TRACK OF COMPANIES' PROPOSALS AND SEND THEM TENDER DOCUMENTS AS THEY BECOME AVAILABLE. WHILE THIS PROGRAM HAS ONLY BEEN WORKING FOR THE LAST NINE MONTHS, SOME EXAMPLES OF PARTICULAR PROJECTS MAY BE USEFUL.

4. FIRE TRUCKS - IN THIS PROJECT EMBASSY NOTIFIED USDOC OF GPNG INTEREST IN PURCHASING 15-25 FIRE TRUCKS. HALF A DOZEN U.S. COMPANIES RESPONDED BY COMMUNICATING THEIR INTEREST TO BOTH THE RESPONSIBLE GPNG OFFICIALS AND THE EMBASSY. WE WROTE EACH COMPANY AND ADVISED THEM TO OBTAIN A LOCAL AGENT. WE ALSO SHOWED THEIR BROCHURES TO LOCAL AGENTS AND SUGGESTED THEY CONTACT COMPANIES DIRECTLY. WE EXPECT THE GOVERNMENT TO RELEASE TENDER SPECIFICATIONS WITHIN THE NEXT TWO MONTHS. IN THE MEANTIME ONE REPRESENTATIVE OF A U.S. COMPANY HAS VISITED PAPUA NEW GUINEA AND FOUR OTHER COMPANIES HAVE LOCAL AGENTS WAITING TO BID ON THE PROJECT.

PATROL BOATS - AGAIN IN THIS CASE WE NOTIFIED USDOC OF THE POSSIBILITY OF GPNG PURCHASE OF PATROL BOATS FOR SURVEILLANCE OF ITS 200-MILE FISHING LIMIT. AN AMERICAN TRADING COMPANY

HAD ALREADY PICKED UP THE OPPORTUNITY AS WELL AND BROUGHT  
OUT ONE AMERICAN SHIPBUILDER. A SECOND SHIPBUILDER RESPONDED  
TO USDOC'S NOTIFICATION AND ALSO VISITED PAPUA NEW GUINEA.  
THE EMBASSY OBTAINED A LOCAL AGENT FOR HIM. A THIRD  
U.S. COMPANY HAS NOW SUBMITTED A PRESENTATION AND WE HAVE  
ENCOURAGED IT ALSO TO HIRE A LOCAL AGENT. TWO LOCAL  
AGENTS HAVE CONTACTED THE COMPANY.  
ADB FOUR-TOWN WATER SUPPLY - THIS PROJECT INVOLVES AT  
LEAST 14 TENDERS FOR THE CONSTRUCTION AND PROVISION OF  
EQUIPMENT FOR WATER SUPPLIES IN FOUR COMMUNITIES. WE  
HAVE NOTIFIED USDOC OF THE OPPORTUNITY BUT RESPONSE SO  
FAR HAS BEEN POOR. NO U.S. CONTRACTORS HAVE SHOWN ANY  
INTEREST IN THE ACTUAL CONSTRUCTION. SEVERAL COMPANIES  
HOWEVER HAVE EXPRESSED INTEREST IN PROVIDING PUMPS, WATER  
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METERS, VALVES, PIPING, ETC. WE HOPE TO BE ABLE TO OBTAIN  
AN AGENT FOR SEVERAL OF THESE COMPANIES.

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LIMITED OFFICIAL USE SECTION 2 OF 2 PORT MORESBY 1179

ADB OR WORLD BANK FINANCED MAJOR HYDRO-ELECTRIC SCHEMES  
AND MAJOR ROAD PROJECTS - IN THE PAST FEW MONTHS THE POST  
HAS REPORTED ON A LARGE NUMBER OF POSSIBLE FUTURE  
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CONSULTING AND CONSTRUCTION CONTRACTS FOR HYDRO-ELECTRIC  
SCHEMES AND MAJOR ROAD BUILDING PROJECTS. TO DATE THERE  
HAS BEEN LITTLE RESPONSE, DESPITE THE FACT THAT TOTAL  
CONTRACTS TOTAL WELL OVER US\$100 MILLION. THE ONLY  
AMERICAN CONTRACTOR RESIDENT IN PNG IS DILLENHAM  
AUSTRALIA, A SUBSIDIARY OF DILLINGHAM USA. THERE IS  
CLEARLY SCOPE FOR ADDITIONAL CONTRACTORS AND CONSULTING  
ENGINEERS IN THIS FIELD.

5. ASSISTING U.S. FIRMS IN OBTAINING ADB OR OTHER MAJOR  
PROJECT CONTRACTS IS A TIME-CONSUMING PROCESS. IT IS STILL  
TOO SOON TO DETERMINE IF THE EFFORT IS WORTHWHILE. SEVERAL  
COMMENTS MIGHT BE MADE HOWEVER. FIRST, THE DEVELOPMENT  
OF A STRONG LOCAL AGENT NETWORK DEALING WITH THE EMBASSY  
ON A REGULAR BASIS PROVIDES MANY SIDE BENEFITS. THESE  
AGENTS OFTEN FIND OPPORTUNITIES THE EMBASSY MISSES, AND  
NOW TEND TO COME TO THE EMBASSY FOR HELP IN FINDING U.S.  
SUPPLIERS. SECOND, THERE IS NO DOUBT THAT THE PROCESS  
HAS SUBSTANTIALLY INCREASED INTEREST ON THE PART OF THE  
U.S. BUSINESS COMMUNITY IN PNG. THIRD, THE EMBASSY  
CONTINUES TO BE DISTRESSED BY THE LACK OF INTEREST BY  
U.S. CONTRACTING AND ENGINEERING CONSULTING FIRMS.  
WE DO NOT KNOW WHAT IT TAKES TO INTEREST SUCH FIRMS AND  
WOULD BE INTERESTED IN THE DEPT'S AND OTHER POSTS'  
COMMENTS. WE WOULD ALSO BE INTERESTED IN HOW OTHER  
POSTS HANDLE MAJOR PROJECT FOLLOW-UPS IN GENERAL.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** PROCUREMENT, DEVELOPMENT BANKS  
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**Decaption Date:** 01 jan 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Review Exemptions:** n/a  
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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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20 Mar 2014  
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